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SUMMARY RECORD OF THE 25th MEETING

Chairman: Mr. VILCHEZ-ASHER (Nicaragua)

later: Mr. ABELIAN (Armenia)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.10 p.m.

Expressions of gratitude for the tribute to the memory of the Prime Minister of Israel, Mr. Yitzhak Rabin

1. Mr. COHEN (Israel) expressed the sincere gratitude of his delegation for the kind words and the minute of silence observed by the Committee in memory of Mr. Yitzhak Rabin, Prime Minister of Israel. He also thanked those delegations which had sent representatives to the Permanent Mission of Israel to the United Nations to pay their respects to his memory. He hoped that the peace process for which Mr. Rabin had given his life would continue; in tribute to his memory and to all the peoples of the Middle East, peace must reign in the region.

2. The CHAIRMAN reiterated the Committee's condolences to the delegation and people of Israel.

Prohibition of smoking in the United Nations and limited validity of vehicular parking permits for delegations

3. Ms. INCERA (Costa Rica), referring to section 26 of the proposed programme budget for the biennium 1996-1997, requested that the Secretariat should clarify by whose authority and when the United Nations had been declared a no-smoking area. She also referred to the problem of vehicular parking permits for delegations, which, henceforth and without prior notice, would be valid only during sessions. In her view, it was not a matter for the United Nations Garage Administration, but the United States Department of State to decide. She requested further information from the Secretariat.

4. Ms. RODRIGUEZ-ABASCAL (Cuba) joined the delegation of Costa Rica in requesting information regarding the garage.

AGENDA ITEM 113: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/50/5/Add.4 and Add.5, A/50/327, A/50/560 and A/49/943)

5. Mr. IRAGORRI (Colombia) stressed the importance of the work of the Board of Auditors, which provided Member States with the most appropriate mechanism for determining the deficiencies and problems found in operational activities and for applying appropriate remedies in order to make them more efficient.

6. The concepts of efficiency, competitiveness and effectiveness with regard to costs were fundamental criteria for all modern administration. Some delegations had proposed a reduction in the amount of resources requested for certain programmes in the proposed programme budget, believing that those criteria had not been properly applied. Although his delegation had always maintained that the efficiency of the United Nations must be increased, it did not believe that lack of efficiency should be an argument for the wholesale dismantling of some programmes that benefited developing countries.

7. Colombia understood that errors could occur in the process of executing mandates, given the magnitude of the Organization. What was worrisome was that

administrative errors became regular or daily occurrences that led to considerable economic loss for the activities being carried out.

8. The Board of Auditors had reported serious deficiencies in some financial statements; those deficiencies had been made public and had hurt the image of the United Nations. It was regrettable that those problems continued to arise.

9. The Board of Auditors had also found serious deficiencies and irregularities in the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees, which could in no way be justified or overlooked. The significant and unprecedented growth in operations financed through such resources could not be used as an excuse for the irregularities found, which indicated a lack of strategic planning on the part of those responsible for execution. Colombia called for the immediate establishment of the necessary measures to remedy those irregularities once and for all.

10. With regard to the report of the Board of Auditors on the financing and liquidation of the United Nations Transitional Authority in Cambodia (UNTAC), his delegation was not satisfied with the administration's explanations, especially considering the field experience which the Organization had acquired in other operations. The irregularities noted by the Board of Auditors in its report should be carefully investigated and clarified.

11. Those irregularities, added to others observed in various peace-keeping operations, ran counter to the principle of maximum efficiency, in accordance with which resources provided by Member States in fulfilment of their financial obligations to the Organization should be administered.

12. His delegation strongly supported the conclusions and recommendations of the Board of Auditors contained in its report and the comments by the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

13. Mr. BABAR (Pakistan) said that the Board of Auditors played an important role in the evaluation of the performance of the United Nations. The reports before the Committee not only indicated departures from established rules and regulations, but also contained certain useful recommendations which would help in formulating the programme in such a way that the resources were used in the optimum manner, through improving and streamlining procedures of the various United Nations agencies to produce the best results. The internal audit services of the various organs should be utilized appropriately and given independence in their operations.

14. His delegation fully supported the view of the Chairman of the Board of Auditors that the Fifth Committee should give special attention to the means to implement the Board's recommendations in a timely and effective manner. It also shared the concern of the Advisory Committee about the persistent nature of irregularities reported by the Board and the means to be adopted to ensure prompt implementation of the Board's recommendations.

15. He also supported the Board's view that the Administration should lose no time in giving effect to those recommendations which could be implemented immediately. The Administration should work out a time schedule for

implementing those recommendations which required amendments of the rules and procedures. The Board's recommendations should be fully implemented and efforts should be made to ensure that the Organization would benefit from the reports of the Board of Auditors and from the new ideas and proposals.

16. Pakistan, which had been host to a large number of refugees, attached great importance to the Office of the United Nations High Commissioner for Refugees (UNHCR). His delegation therefore strongly recommended that every effort should be made to streamline its procedures. He noted with concern the defects which had been encountered in UNHCR project reporting and monitoring, and supported the Board's recommendation that UNHCR should establish appropriate norms in order to regulate the overhead costs of its implementing partners.

17. He also noted with concern the various irregularities which had been reported in the engagement of consultants by UNHCR, and suggested that United Nations agencies should make all possible efforts to hire local consultants, while at all times observing the relevant regulations. The recruitment of experts from the country or region would enable the United Nations agencies to benefit from their experience.

18. Regarding the report on the United Nations Institute for Training and Research (UNITAR), he noted with satisfaction that UNITAR had generated a surplus of $200,000 in 1994, and he agreed with the recommendation of the Board of Auditors that the Administration should write off the deficits under the Special Purpose Grants Fund. He noted the Board's observation that UNITAR had not used the purchasing services of the United Nations Office at Geneva as required, and hoped that in future UNITAR would strictly follow the financial regulations and rules on procurement of goods and services.

19. Regarding the liquidation of the United Nations Transitional Authority in Cambodia (UNTAC), his delegation was concerned that in the absence of established liquidation procedures, the realizable values of the property had not been established prior to the liquidation date. He fully supported the Board's recommendations (A/49/943, para. 7) and said that it was important to establish the correct value of assets disposed of. In future, there should be thorough and independent physical verification of the assets and liabilities of missions before liquidation took place.

20. He hoped that the executive heads and governing bodies of the various organs and agencies would take note of the report of the Board of Auditors. There must be budgetary control, timely submission of budgets, strengthening of internal audit mechanisms, improved accounting procedures for inclusion in the synthesis prepared by the Board and review of the actions taken by the respective agencies in the light of the comments made by the Board and by the Advisory Committee on Administrative and Budgetary Questions.

21. Mr. KUZNETSOV (Russian Federation) said that his delegation took a particular interest in the audited financial statements for 1994 and the report of the Board of Auditors on the voluntary funds administered by UNHCR, bearing in mind the increased participation of the Russian Federation in UNHCR activities as a member of the Executive Committee of the High Commissioner's Programme and as a donor and recipient country.

22. His delegation was in overall agreement with the conclusions and recommendations of the Board, and he agreed that it was necessary to curb fraud within the United Nations system, where the term "fraud" was interpreted in an excessively restrictive way, since it excluded problems such as wastefulness and abuse of power. There was no term other than "fraud" to describe the cases that had been discovered involving unauthorized withdrawal of funds from Programme accounts, improper retention of $590,800 in accrued interest by executing agencies of UNHCR programmes, or the fact that the quantity of food distributed in one of the refugee camps had been 12 to 30 per cent less than the amount declared by the executing agencies. He hoped that in the context of the system-wide improvement of internal supervision mechanisms, the United Nations would adopt an appropriate interpretation of the terms "fraud" and "presumptive fraud".

23. He also hoped that UNHCR would implement the Board's specific recommendations, particularly regarding improved programme management and the establishment at UNHCR headquarters of a system for the collection and analysis of data on project execution, the preparation of work plans by field offices and executing agencies and the conclusion of clearly formulated agreements with partners, and that it would ensure that the latter kept separate accounts for UNHCR funds. As the Board of Auditors recommended, it would also be necessary to be more selective when choosing executing partners and to ensure that there were not too many of them in order to avoid dispersion of funds among different bodies.

24. Both in UNHCR and in other organizations of the United Nations system involved in field operations, improved inventory management and the adoption of measures to ensure appropriate control of assets would help to avoid any future discrepancies among inventory reports, as well as the other shortcomings which had been observed.

25. The recommendations of the Board of Auditors on improving procurement activities should be fully implemented in order to ensure competition among suppliers and to maximize the competitivity of tenders by increasing the number of suppliers. As for the presentation of financial statements and the attached tables, when areas and regions were mentioned, the countries included in each of them should be indicated, in order to improve the clarity of the presentation.

26. With regard to the liquidation audit of the United Nations Transitional Authority in Cambodia (UNTAC), it was unfortunate that, for reasons beyond the Board's control, Member States had been unable to obtain a complete and clear picture of the liquidation of the Mission's assets. His delegation welcomed the Board's intention to conduct another audit on 31 December 1995 and hoped that that audit would be definitive and that the General Assembly would receive the results during the first quarter of 1996.

27. The only conclusion which could be drawn for the time being was that the relevant secretariat units lacked adequate mechanisms for asset accounting, stock inventory and the transfer of property to other missions, in other words, an integrated and precise system for planning the liquidation of mission assets. That was the root cause of problems of mismanagement, waste, fraud, financial abuses and, to put it plainly, embezzlement. That fact, although not new,

raised concerns about how the resources provided to the United Nations Secretariat were being utilized. He hoped that all United Nations control mechanisms, namely, the Board of Auditors, the Joint Inspection Unit and, naturally, the Office of Internal Oversight Services, would be actively involved in the solution of those serious problems.

28. The Russian Federation supported in general the Boards's recommendations on the financial report of the United Nations Institute for Training and Research (UNITAR). It noted with satisfaction the improved financial situation of the Institute and believed that the problem of the remaining deficits in the projects of the Special Purpose Grants Fund should be definitively settled. It also welcomed the high level of cooperation between the Board, UNHCR and UNITAR.

29. Mr. Abelian (Armenia), Vice-Chairman, took the Chair.

30. Mr. KOSY (Ukraine) said that the expenditure of the Organization represented a heavy financial burden for his country, which therefore attached great importance to the rational use of available resources and to the work of the Board of Auditors.

31. The situation with regard to the procurement activities of the United Nations gave cause for concern. Despite some progress, the objectives of resolution 49/216 had still not yet been met and, in its evaluation of those activities, the Board had reached the same conclusions as it had in previous years. The Board's recommendations must be implemented and the desired results achieved.

32. He noted with concern the Board's report on the voluntary funds administered by the United Nations High Commissioner for Refugees (UNHCR) (A/50/5/Add.5) and the Advisory Committee's comments thereon (A/50/560). He was concerned by the deficiencies in the work of UNHCR which had been brought to light, particularly with regard to planning, the selection of implementing partners and the timely signing of specific agreements with them. He supported the comments made by the auditors in that regard as well as the views of the Advisory Committee on the introduction of a stricter system of budgetary and financial control over implementing agencies, particularly with respect to the regulation and monitoring of their general expenditures. UNHCR should also take measures to enhance the effectiveness of occupational training programmes and to improve its system of property management, whose deficiencies had led to discrepancies such as the one mentioned in the Advisory Committee's report.

33. One of the most important documents submitted by the Board was its liquidation audit of the United Nations Transitional Authority in Cambodia (UNTAC) (A/49/943), which pointed to grave deficiencies in the asset management, planning and asset liquidation systems of the United Nations. He fully supported the Board's recommendations, especially the proposal that a team should be appointed to liquidate assets before missions were completed. He also shared the Advisory Committee's view that a group of experts in that field should be established within the Secretariat.

34. The Ukrainian delegation hoped that the cooperation between the Board of Auditors and the Office of Internal Oversight Services would continue to be

expanded in order to strengthen the Organization's audit and budget control mechanisms.

AGENDA ITEM 119: PATTERN OF CONFERENCES (continued) (A/C.5/50/L.4)

Draft resolution A/C.5/50/L.4

35. Mr. BIRENBAUM (United States of America), introducing the draft resolution contained in document A/C.5/50/L.4, said that the growing demand for more meetings, transcripts and reports, at great cost and, too frequently, little gain to the Organization, not only obstructed the accomplishment of key objectives of the United Nations but also had a negative impact on the Organization's ability to produce high-quality and timely reports. The draft resolution would help to reduce the volume of documentation, improve the quality of documents and facilitate compliance with the six-week rule for the distribution of documents in all the official languages.

36. The delegation of the United States of America realized that the Committee on Conferences addressed the issue of documentation on a biennialized basis and that it was scheduled to formally address the issue during the fifty-first session of the General Assembly. His delegation attached such importance to the issue, however, that it was submitting the draft resolution for consideration under agenda item 119 so that the appropriate measures could be implemented as early as possible. The Committee on Conferences could then undertake a thorough review of the progress made towards implementation of the resolution. The concepts contained in the draft resolution might also be included in the omnibus resolution on pattern of conferences, as long as crucial elements were not compromised.

37. Mr. AMARI (Tunisia) and Ms. FIGUERA (Venezuela) proposed that the draft resolution should be referred to informal consultations.

38. Ms. BUERGO RODRÍGUEZ (Cuba) reiterated her delegation's position that the introduction of the draft resolution was contrary to the provisions of General Assembly resolution 46/220 on the biennialization of the programme of work of the Fifth Committee. While it was prepared to discuss ideas on the subject, it believed that the issue should be taken up first by the Committee on Conferences, which could then present its conclusions to the Fifth Committee.

39. Mr. FAGUNDES (Brazil) supported the proposal to refer the draft resolution to informal consultations and said that he shared the concern of Cuba over the questions of procedure raised by that delegation.

40. Mr. OWADE (Kenya) said that the draft resolution raised very important issues and had far-reaching implications for the work of the United Nations. It might be better perhaps for the matter to be first considered by the Committee on Conferences before the Fifth Committee took a decision on it.

The meeting rose at 4 p.m.